

# ❖ Chautauqua Region Community Foundation, Inc. ❖

## Investment Information

February 2014

**Philosophy** - The Foundation believes that long-term investment performance in terms of both risk and return is primarily dependent on asset allocation among appropriate classes of securities (i.e. stocks, bonds and alternative investments) and diversification among individual securities.

Our investment philosophy is further summarized as follows:

- Preservation and enhancement of the capital value of its Funds and the return on those Funds, by
- Striving for consistent long-term returns which will either match or exceed the set payout, investment fees and inflation, through
- Earning the highest possible return consistent with the risk tolerance established by the Foundation.

**Strategy** - In order to achieve the return objectives, the Foundation will employ the following investment strategies:

- Diversification of assets will be employed to ensure that adverse results from one security class will not have an unduly detrimental effect on the entire portfolio. Therefore, the investment portfolio will be diversified by type, characteristic and by the number of separate investments.



*The basis of the investment policy is its perpetual existence, leading to an emphasis on long-term results rather than short-term performance.*

- Asset classes consist of equities (domestic large/mid. cap, small/mid cap and international large/mid cap), fixed income, alternative investments (hedge funds, global real estate and commodities) and cash or cash equivalents. Varying styles (growth and value) are incorporated into each equity asset class.

**Asset Allocation** - Equities represent a target allocation of 66.5%, 20% in fixed income obligations, 5% to hedge funds, 5% in global real estate and 3.5% to commodities. Rebalancing will occur no less than quarterly when any asset class deviates from its target percentage by 25% or more.

**Portfolio Managers** - The current portfolio managers are: Held Bonds (formerly Allegiance), PIMCO Total Return, Loomis Sayles Int. Duration, Lord Abbett Short Duration, PIMCO Real Return, Dana Investment Advisors, Vanguard S&P 500, J. Hancock Disciplined Value, Vanguard Value Index, JP Morgan Large Cap Growth, Wells Fargo Growth, Dodge & Cox International, EuroPacific Growth, Invesco Small Cap Value Y, Wells Fargo Advantage Small Co. Growth I, iShares Russell 2000, Cohen & Steers Global, Morgan Stanley Global, Absolute Strategies Inst'l I, Van Eck Global Hard Assets, American Funds EuroPacific Growth F2, and Oppenheimer International Growth Y.

**Performance** - Total return, referred to as "return", is defined as the net total of interest, dividends and capital appreciation. At December 2013, the annualized 1-, 3-, 5-, 7- and 10-year manager returns after fees were: 19.97%, 10.25%, 13.56%, 4.53% and 6.76%.

**Evaluation** - Manager performance is monitored and results measured against absolute and relative return objectives on a quarterly and annual basis. This process is conducted by use of an independent investment consultant and the results reported to the Foundation's Investment Committee and Board of Directors.

Please contact us with questions.